

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7356

BILL NUMBER: SB 438

DATE PREPARED: Jan 8, 1999

BILL AMENDED:

SUBJECT: Home improvement fraud.

FISCAL ANALYST: Mark Bucherl

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a Class D felony to be imposed in cases of home improvement fraud relating to the formation of a contract in which: (1) the contract price is more than \$7,500; or (2) the contract is unconscionable, the contract price is at least \$4,000, and the victim is at least 60 years of age. It also allows a Class C felony to be imposed in all cases of home improvement fraud relating to the formation of a contract in which the contract price is more than \$10,000, regardless of the age of the victim.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Passage of this bill could increase admissions to DOC facilities based on convictions for Class D or C felony home improvement fraud. Prison terms vary depending upon mitigating and aggravating circumstances. Average time served for felonies is also presented.

<u>Felony</u>	<u>Prison Term</u>	<u>Avg Time Served</u>
Class C	2 to 8 years	1 yr., 7 mos.
Class D	6 mos. to 3 years	7 mos.

If additional offenders require more staff, maintenance, utilities and other operating costs, increased expenses could be incurred. The average expenditure to house an adult offender was \$20,500 in FY 97. Individual facility expenditures range from \$11,000 to \$27,000. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually or \$5 daily per prisoner.

DOC records indicate that no one was incarcerated in a state facility in FY 98 under the felonies specified in this bill and the five-year average was less than one offender per year for the D felony crime. (No C felony crimes were recorded in that time period.)

Explanation of State Revenues: If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund could increase. The maximum fine for a Class B felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Sheriffs Association, Department of Correction.